

103 KAR 19:010. Computation of income; estates and trusts.

RELATES TO: KRS 141.010, 141.030, 141.190, 141.020

STATUTORY AUTHORITY: KRS Chapter 13A

NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation outlines procedure for computing estate and trust income for Kentucky income tax purposes including instructions covering both resident and nonresident situations.

Section 1. General. All provisions of KRS Chapter 141 (and related administrative regulations) that apply to individuals shall also apply to fiduciaries and returns filed by fiduciaries, except when such provisions conflict with provisions dealing specifically with fiduciaries.

Section 2. Computation of Income. Taxable income of an estate or trust is net income as defined in KRS 141.010(11) except:

- (1) The standard deduction permitted individuals in KRS 141.080 is not allowed;
- (2) Federal estate tax paid on income accrued at the date of death of a decedent is deductible;
- (3) Deductions that have been allowed on the Kentucky inheritance tax return or the Kentucky individual income tax return cannot be claimed on the fiduciary income tax return; and
- (4) Any deductions (or federal tax) related to nontaxable income are not allowed.

Section 3. Tax Credits. A trust is allowed a tax credit of two (2) dollars; an estate is allowed a tax credit of twenty (20) dollars.

Section 4. Resident Estate or Trust. A resident estate or trust shall report and pay tax on all taxable income except that portion of net income distributable or distributed during the taxable year, and that portion of the net income from intangible personal property attributable to a nonresident beneficiary.

Section 5. Resident Beneficiary. A resident beneficiary must report and pay tax on his share of the distributed or distributable income from a resident or nonresident estate or trust.

Section 6. Nonresident Estate or Trust and Nonresident Beneficiaries. A nonresident estate, trust, or beneficiary is subject to tax only on income received from real or tangible personal property located in Kentucky. (IF-1; 1 Ky.R. 332; eff. 2-5-75.)